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ACTION ARA-20

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SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 LAB-06

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SUBJECT: PM WILLIAMS COMMENTS ON PROPOSED MAJOR INDUSTRIAL PROJECTS

REF: POS 2343; POS A-74, SEPTEMBER 16, 1974

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SUMMARY: AS REPORTED IN REFTEL, AT THE OPENING OF PARLIAMENT
SEPTEMBER

27, PRIME MINISTER ERIC WILLIAMS AND MINISTER OF INDUSTRY
AND COMMERCE ERROL MAHABIR MADE A NUMBER OF ANNOUNCEMENTS
RELATING TO THE GOTT'S PLAN FOR SIGNIFICANT NEW ENERGY-
RELATED INDUSTRIAL DEVELOPMENT IN TRINIDAD. A STUDY OF THE
FULL TEXTS OF THE VARIOUS ANNOUNCEMENTS REVEALS NO FURTHER
DETAILS TO ADD TO THE STATUS DESCRIBED REFTEL OF TWO OF THE
PROJECTS--THE IRON AND STEEL PLANT AND THE ALUMINUM SMELTER.

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THIS CABLE UPDATES INFORMATION ON TWO OTHER INDUSTRIAL PRO-

JECTS DESCRIBED IN REFERENCED AIRGRAM--THE CROSS-TRINIDAD NATURAL GAS PIPELINE AND THE VARIOUS AMMONIA/FERTILIZER/UREA PROPOSALS. AMOCO TRINIDAD OIL COMPANY--A SUBSIDIARY OF STANDARD OF INDIANA--HAS DESIGNED AND WILL MANAGE THE NEW \$40 MILLION PIPELINE SYSTEM AND ALSO WILL BE MINORITY PARTNER IN ONE OF THE PROPOSED FERTILIZER PLANTS. END SUMMARY.

1. MAHABIR SAID THAT TRINIDAD'S INDUSTRIAL REQUIREMENTS FOR NATURAL GAS (BOT AS A FEEDSTOCK AND FOR POWER GENERATION) ARE EXPECTED TO RISE FROM 39 MILLION STANDARD CUBIC FEET PER DAY (MMSCFD) IN 1974 TO 446 MMSCFD IN 1983. THE LATTER FIGURE IS PROJECTED TO COVER CONSUMPTION FOR THE ELECTRIC COMPANY, VARIOUS AMMONIA PLANTS, THE IRON AND STEEL PLANT, THE ALUMINUM SMELTER, AND OTHER PROJECTS. INDSTEAD OF CONSTRUCT-ING A LARGE DIAMETER CROSS-ISLAND PIPELINE TO TAKE CARE OF ALL THESE REQUIREMENTS FROM THE OUTSET, THE GOTT HAS DECIDED UPON A PHASED PLAN WHICH WILL GRADUALLY INCREASE PRESENT PIPELINE CAPACITY BY ADDING COMPRESSORS AND REPLACING SEGMENTS OF THE EXISTING LINE IN VARIOUS STEPS. THIS PLAN IS BASED UPON A PROPOSAL BY AMOCO TRINIDAD OIL COMPANY, HOLDER OF A LARGE OFFSHORE NATURAL GAS FIELD AND ALSO CURRENTLY PRODUCING CRUDE OIL AND ASSOCIATED GAS FROM OTHER CONCESSIONS. MAHABIR SUBMITTED TO PARLIAMENT AN AGREEMENT UNDER WHICH AMOCO WILL BE PROJECT MANAGER AND SUPERVISOR OF THE ENGINNERING, DESIGN, AND CONSTRUCTION OF THE FIRST PHASE OF THIS PIPELINE SYSTEM.

2. ACCORDING TO MAHABIR'S ANNOUNCEMENT, THE CAPACITY OF THE EXISTING SYSTEM (WHICH CONNECTS THE POWER PLANT IN PORT OF SPAIN AND THE SMALL GAS USERS NOW AT THE POINT LISAS INDUSTRIAL AREA WITH ON-SHORE GAS SOURCES IN SOUTHWEST TRINIDAD AS WELL AS OFFSHORE SOURCES SOUTHEAST OF TRINIDAD) WILL BE EXPANDED BY CONSTRUCTION OF ADDITIONAL LOOPS AND COMPRESSORS. THEN, IN 1976, A NEW 24-INCH LINE WILL BE INSTALLED TO REPLACE 29 MILES OF EXISTING 12-INCH TEXACO LINE, AT AN ESTIMATED COST OF \$13 MILLION. THIS WILL BE AUGMENTED IN 1978 BY CONSTRUCTION OF A 22-MILE-LONG 20-INCH PIPELINE LINKING AN OFFSHORE PRODUCTION PLATFORM WITH THE SHORE TERMINUS, AS WELL AS A 20-INCH SEGMENT TO LINK THE 24-INCH LINE TO THE PT. LISAS AREA, BOTH OF WHICH ARE ESTIMATED TO COST \$21 MILLION. ADDITIONAL PIPELINE LINKS LIMITED OFFICIAL USE

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WILL BE ADDED IN 1979, AS WELL AS MORE COMPRESSORS IN 1983, AT AN ESTIMATED COST OF \$6 MILLION. PROJECTED CAPACITY OF THE PIPELINE, WITHOUT COMPRESSION, IS 400 MMSCFD, AND PLANNED ADDITION OF COMPRESSORS WOULD FIRST INCREASE CAPACITY TO 555 MMSCFD AND THEN TO 632 MMSCFD. THE GOTT WILL BE THE SOLE OWNER OF ALL NEW SEGMENTS OF THE NEW PIPELINE.

ACCORDING TO THE ANNOUNCEMENT, CONTRACTS FOR THE PURCHASE

OF THE PIPE AND CONSTRUCTIONS OF THE VARIOUS LINES WILL BE AWARDED BY THE GOTT'S CENTRAL TENDERS BOARD, "USING SELECTIVE TENDERING IN ORDER TO EXPEDITE COMPLETION OF THE PROJECT."

3. WITH REGARD TO FERTILIZER PROJECTS, THE PRIME MINISTER SAID THAT THE CABINET HAS "APPROVED IN PRINCIPLE ON THE BASIS OF MAJORITY GOVERNMENT PARTICIPATION" AN AMOCO PROPOSAL FOR A \$150 MILLION PLANT TO PRODUCE 2,000 METRIC TONS/DAY OF AMMONIA AND 1,800 TONS/DAY OF UREA. THE GOTT EXPECTED TO RECEIVE ON SEPTEMBER 27 A PROPOSAL FROM THE WEST GERMAN FIRM OF HOECHST TO CONSTRUCT A 2,000 TON/DAY AMMONIA PLANT ON A JOINT VENTURE BASIS. TENNECO (THE AWARD TO WHICH OF AN OFFSHORE OIL CONCESSION--ON A 50-50 BASIS WITH TEXACO-- WAS ANNOUNCED THE SAME DAY) HAS PROPOSED TO THE GOVERNMENT CONSTRUCTION OF A 1,200 TON/DAY AMMONIA PLANT, AND THE GOTT IS AWAITING DETAILS OF THE PROPOSAL.

4. PRIME MINISTER WILLIAMS ALSO ANNOUNCED THAT SEVERAL OTHER FERTILIZER PROPOSALS (INCLUDING ONE FROM JAPAN AND ANOTHER FROM THE U.S.) HAVE BEEN MADE, BUT THE GOTT IS AWAITING FURTHER DETAILS ON THESE PROJECTS. (COMMENTING ON OVERALL INDUSTRIAL DEVELOPMENT PLANS, THE PM SAID THAT THE GOTT'S "EXTENSIVE DISCUSSIONS WITH JAPANESE INDUSTRIAL INTERESTS ARE CONTINUING, AND WE HOPE TO ACHIEVE SOME FINAL AGREEMENT VERY SOON.") FINISHING HIS REMARKS ON FERTILIZER, WILLIAMS SAID THAT HIS CABINET HAS CREATED A SUBCOMMITTEE CHAIRED BY THE MINISTER OF NATIONAL SECURITY TO KEEP A CONSTANT WATCH ON THE FERTILIZER AND AMMONIA SITUATION. END UNCLASSIFIED.

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5. COMMENT: ACCORDING TO AMOCO OFFICIALS, THEY ARE QUITE PLEASED THAT THEIR PROPOSAL FOR DESIGN AND LIMITED OFFICIAL USE

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MANAGEMENT OF THE PIPELINE SYSTEM HAS BEEN ACCEPTED. THEY FEE THAT THIS SYSTEM WILL BE FLEXIBLE ENOUGH TO PROVIDE ADEQUATE SERVICE TO ANY AND ALL ULTIMATE CONSUMERS OF TRINIDAD'S NATURAL GAS(AS THE VARIOUS INDUSTRIAL PLANTS ACTUALLY GO ON STREAM), WITHOUT THE HEAVY INITIAL COST AND PROBABLE DELAYS INVOLVED IN BUILDING A TOTALLY NEW LARGE DIAMETER LINE. ALTHOUGH THE PRIME MINISTER AGAIN REFERRED TO "FURTHER DISCUSSIONS" TO BE HELD WITH AMOCO IN REGARD TO PETROCHEMICAL DEVELOPMENT, LOCAL AMOCO OFFICIALS DENY ANY INTENT ON THE PART OF THEIR COMPANY TO BECOME INVOLVED IN ANY JOINT VENTURE PROJECTS OTHER THAN THE AMMONIA/UREA PLANT MENTIONED ABOVE.
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